

# **POLICE & FIRE PENSION INVESTMENT BOARD**

**JANUARY 27, 2004**

Members present: Don Taute- Personnel Director  
Don Herz – Finance Director  
Randall Case – Fire Captain  
Mark Meyerson – Police Sergeant  
Greg Sorensen – Police Sergeant  
Michael Donnelly - Vice President and Regional Director of Wells Fargo Bank, Nebraska Institutional Trust and Investment Services group.  
Gerry Finnegan – Independent Financial Planner  
Mark Westphalen – Edward Jones Co. registered representative  
Brad Thavenet – Fire Fighter

Members absent: None

Personnel Dept.  
Resource Staff: John Cripe – Compensation Manager  
Paul Lutomski – Police and Fire Pension Officer

Others present: Max Callan – Smith Hayes Financial Services Investment Consultant  
Todd Peterson - Smith Hayes Financial Services Investment Consultant

The meeting began at 1:30 p.m.

Max Callan presented information on the value, and performance of each asset class in the Pension Fund as of December 31, 2004:

- Foreign Bonds asset class invested in PIMCO Foreign Bonds Fund. Value of \$7,415,074 is 4.72% of Fund with 6.66% return for CY 2004.
- TIPS asset class invested in PIMCO Real Return Fund. Value of \$7,166,319 is 4.56% of Fund with 8.56% return in CY 2004.
- Domestic Bond asset class invested in Calvert Income Fund I. Value of \$16,906,805 is 10.75% of Fund with 11.40% return for CY 2004.

- Internal Bonds asset class materials were distributed by Paul Lutomski. Each bond was described in detail stated the total value of \$16,126,811 as 10.26% of fund with 1.43% return for CY 2004.
- Large Growth Equity asset class invested in American Funds Growth Fund of America. Value of \$5,061,209 is 3.22% of Fund with 11.95% return for CY 2004.
- Large Value Equity asset class invested in American Funds Washington Mutual. Value of \$11,988,622 is 7.62% of Fund with 9.42% return for CY 2004.
- Mid cap Growth Equity asset class invested in Smith Hayes Cap 20 Fund. Value of \$4,794,725 is 3.05% of Fund with 6.54% return in CY 2004. Max Callen noted that the style of the Cap 20 fund has drifted away from MidCap Growth to Large Cap Value
- Mid Cap Value Equity asset class invested in Hotchkis and Wiley Mid Cap Value I Fund. Value of \$5,089,396 is 3.25% of Fund with 23.85% return in CY 2004.
- Small Cap Growth Equity asset class invested in Baron Growth Fund. Value of \$5,351,222 is 3.40% of Fund with 26.61% return in CY 2004.
- Small Cap Value Equity asset class invested in Aegis Value Fund. Value of \$11,500,128 is 7.3% of Fund with return of 13.25% in CY 2004.
- Small Cap Value Equity asset class invested in Boston Partners Cap Value II Fund. Value of \$4,482,527 is 2.85% of Fund with return of 15.96% in CY 2004.
- Small Cap Value Equity asset class invested in Heartland Value Fund. Value of \$5,854,116 is 3.72% of Fund with return of 8.16% in CY 2004. Underperformance due to early entry into bio-tech and tech.
- Small Cap Value Equity asset class invested in Royce Special Equity Fund. Value of \$9,673,820 is 6.15% of Fund with return of 13.50% in CY 2004.

- Foreign Equity asset class invested in Europacific A Fund. Value of \$8,683,961 is 5.52% of Fund with 18.48% return in CY 2004.
- Real Estate asset class materials were absent in the Smith Hayes materials. Meeting was paused while Paul Lutomski prepared a printout. Details of each real estate investment were relayed and total Value stated as \$19,657,549 that is 12.5% of Fund with return of 9.632% for CY 2004. Max Callan stated that the Broker Dealer relationship and NASD regulations do not allow them to distribute information for securities not held with them prompting discussion of a change in relationship to Advisor (that follows SEC regulations) that will be discussed at the next meeting.
- Convertible Bond asset class invested in Calamos Growth and Income Fund. Value of \$3,250,955 is 2.68% of Fund with return of 10.77% in CY 2004.
- Alternative Investment asset class materials were absent in the Smith Hayes materials, invested in JP Morgan Multi-strategy Fund of Hedge funds. Value of \$4,454,503 is 2.8% of Fund with return of 4% for CY 2004. Max Callan stated that the Broker Dealer relationship and NASD/SEC regulations do not allow them to distribute information for securities not held with them prompting discussion of a change in relationship to Advisor that will be discussed at the next meeting.

Discussion occurred resulting in a decision to keep all current investments and to consider replacing the Smith Hayes Cap 20 Fund in July due to style drift.

Gerry Finnegan distributed copies of a draft Investment Policy and made a motion to adopt the policy. During discussion it was decided to refine the policy and present it at a later meeting.

Greg Sorensen made a motion to instruct Don Taute to create an ordinance requiring mandatory funding by the City of Pension benefits. Gerry Finnegan seconded the motion and it passed with no opposition.

Meeting adjourned.